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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

In the matter of:

ENERGETICS, INC., a Nevada corporation

STEVEN P. GIUFFRIDA and MICHELLE
GIUFFRIDA, husband and wife;

RODNEY PETERSON and JANE DOE
PETERSON, husband and wife;

Respondents.

DOCKET NO. S-20648A-09-0010

**FIRST AMENDED NOTICE OF
OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
FOR OTHER AFFIRMATIVE ACTION**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents ENERGETICS, INC., a Nevada Corporation, STEVEN P. GIUFFRIDA and RODNEY PETERSON have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

Arizona Corporation Commission

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II.

RESPONDENTS

2. ENERGETICS, INC. ("ENERGETICS") is a Nevada corporation with a principal place of business in Scottsdale, Arizona.¹ ENERGETICS was incorporated on or about June 28, 2006.

3. STEVEN P. GIUFFRIDA ("GIUFFRIDA") is an individual residing in Maricopa County, Arizona.

4. According to Nevada Secretary of State public records, GIUFFRIDA is listed as the Secretary, Treasurer and Director of ENERGETICS. GIUFFRIDA became president of ENERGETICS in October 2008.

5. MICHELLE GIUFFRIDA has been at all relevant times the spouse of GIUFFRIDA and may be referred to as "Respondent Spouse." Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

6. At all times relevant, GIUFFRIDA was acting for GIUFFRIDA's own benefit and for the benefit or in furtherance of GIUFFRIDA and MICHELLE GIUFFRIDA's marital community.

7. At all relevant times, RODNEY PETERSON ("PETERSON") is an individual residing in Arizona.

8. Pursuant to records of the Nevada Secretary of State, PETERSON is listed as President and Director of ENERGETICS. PETERSON stepped down as President in October 2008.

9. JANE DOE PETERSON has been at all relevant times the spouse of PETERSON and may be referred to as "Respondent Spouse." Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

¹ ENERGETICS as referenced in this Notice is a different entity than an entity known as Energetics, Inc. that is incorporated with the Commission and located in Phoenix.

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1 20. To date, at least two investors' promissory notes are due and payable. Neither one
2 has received their principal and interest from ENERGETICS.

3 21. PETERSON resigned as president in October 2008 and GIUFFRIDA replaced him
4 as president.

5 22. On or about October 24, 2008, GIUFFRIDA and ENERGETICS advertised on the
6 Internet website known as Craig's List/Phoenix ("Craig's List") for investors as follows:

7 GREAT INVESTMENT
8 OPPORTUNITY*QUICK PAYBACK+OIL
9 ROYALTY INTEREST (oil city)

10 Energetics Inc. offers a 1 year note at 11% along with the assignment of a long term
11 royalty interest. The note will be collateralized by a ucc filing on a 370 acre oil
12 lease along with existing surface equipment. This lease has a proven 50+ year
13 history with a recent geology report confirming 900,000 barrels of oil reserves.

14 -1 year note 11% preferred. (Interest guaranteed/regardless of early payback)
15 -UCC filed in lenders name on lease and existing surface equipment
16 -Royalty interest on lease projected to yield an incentive bonus of an additional 15-
17 35% (based on oil prices) for the lifetime of the wells which can be 50+ years.
18 -\$75,000 Maximum.....\$25,000 minimum.

19 23. The Craig's List ad also includes a contact name, an Arizona contact phone number
20 of 480-609-2110, and the website address of ENERGETICS, www.energetics-inc.com. The
21 ENERGETICS website includes the same phone number that is in the ad as a contact number.

22 24. On or around October 27, 2008 in response to the Craig's List ad, at least one
23 potential Arizona investor ("PAI") contacted ENERGETICS via email. GIUFFRIDA responded to
24 the PAI's email and requested to speak to the PAI before providing more information.

25 25. On or around November 17, 2008, GIUFFRIDA represented to at least one PAI that
26 the promissory note would return 11 percent for one year plus a royalty interest.

 26. GIUFFRIDA represented to at least one PAI that he and ENERGETICS were seeking
funds for two investments.

1 27. GIUFFRIDA represented to at least one PAI that there was an opportunity to invest in
2 an oil lease in Texas. GIUFFRIDA represented the Respondents were seeking to raise \$250,000 for
3 the "Texas Lease" which had "projected annual returns of 75% at today's prices."

4 28. GIUFFRIDA represented to at least one PAI that there was an investment in oil in
5 Caddo Parish, Louisiana and the returns were conservative but had "nice tax incentives."

6 29. On or about November 20, 2008, GUIFFRIDA and ENERGETICS forwarded
7 solicitation materials to at least one PAI after speaking with the PAI. The solicitation materials
8 included information about the investments, as well as a promissory note and a royalty agreement.

9 30. The solicitation materials stated the returns of the investment for the acquisition and
10 development of oil wells in East Texas, with an investment of \$250,000. The annual rate of return
11 would be from 75.15% to 145.66% from five wells each producing four barrels of oil per day
12 depending on an oil price of \$60, \$80, and \$100 per barrel.

13 31. The solicitation materials also stated the returns of the investment for a second
14 investment in Caddo Parish, Louisiana, with an investment of \$56,000. The after tax annual rate of
15 returns were listed as between 34.35% to 279.74%, depending on the price of oil and the number of
16 barrels of oil produced. The price of oil was listed at \$60, \$80 and \$100 per barrel. The three
17 wells were each projected to produce between 10, 20 or 50 barrels of oil per day.

18 32. The solicitation materials also included a statement that an independent geology
19 report stated that there are 900,000 plus barrels of oil reserves at the Caddo Parish, Louisiana site.

20 33. The solicitation materials also represented that the investments would be secured by
21 a UCC-1 filing.

22 34. According to the solicitation materials, an investment could be consummated by
23 filling out a standard form promissory note and royalty agreement.

24 35. The solicitation materials represent that the investment is highly speculative with a
25 high degree of risk, however, Respondents' website represents that risk is minimized by escalating
26 oil prices and tax advantages that remain regardless of the success of drilling.

8 38. Respondents also publicly solicited their investments on their website,
9 www.energetics-inc.com. On or about October 24, 2008, Respondents offered two investments,
10 one was a “one year note with interest, collateral, and royalty interests,” and the second was an
11 offering on a “370 acre lease with history, significant projected returns, and significant tax
12 advantages.”

16 IV.

18 (Offer and Sale of Unregistered Securities)

22 41. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
23 Securities Act.

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V.

VIOLATION OF A.R.S. § 44-1842**(Transactions by Unregistered Dealers or Salesmen)**

43. Respondents have been offering or selling securities in the form of promissory notes and royalty agreements within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

44. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991**(Fraud in Connection with the Offer or Sale of Securities)**

45. In connection with the offer or sale of securities within or from Arizona, Respondents are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

a) Respondents failed to disclose to at least one PAI and one investor that other factors, including but not limited to, actual oil production, ability to pay for the lease, economic, public policy, costs of production, environmental issues, and weather disruptions, may influence the investment returns;

b) Respondents failed to provide to at least one PAI and one investor sufficient financial information about ENERGETICS so as to allow the PAI and investor to determine whether ENERGETICS had an ability to operate as a going concern; and

c) Respondents misrepresented to at least two investors that each would received their principal and 11 percent interest one year from the date on the promissory note when the two investors received neither their principal nor their interest payment on the due date.

46. This conduct violates A.R.S. § 44-1991.

47. PETERSON directly or indirectly controlled persons within the meaning of A.R.S. § 44-1999, including but not limited to GIUFFRIDA and ENERGETICS. Therefore, PETERSON is jointly and severally liable under A.R.S. § 44-1999 to the same extent as GIUFFRIDA and ENERGETICS for their violations of A.R.S. § 44-1991.

48. GIUFFRIDA directly or indirectly controlled persons within the meaning of A.R.S. § 44-1999, including but not limited to ENERGETICS. Therefore, GIUFFRIDA is jointly and severally liable under A.R.S. § 44-1999 to the same extent as ENERGETICS for its violations of A.R.S. § 44-1991

VII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;

2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order that the marital communities of STEVEN P. GIUFFRIDA and MICHELLE GIUFFRIDA and RODNEY AND JANE DOE PETERSON be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and

5. Order any other relief that the Commission deems appropriate.

VIII.

HEARING OPPORTUNITY

Each respondent including Respondent Spouses may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

IX.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions

1 may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet
2 web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.


3 Additionally, the answering respondent must serve the Answer upon the Division.
4 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
5 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
6 Arizona, 85007, addressed to Aikaterine Vervilos.

7 The Answer shall contain an admission or denial of each allegation in this Notice and the
8 original signature of the answering respondent or respondent's attorney. A statement of a lack of
9 sufficient knowledge or information shall be considered a denial of an allegation. An allegation
10 not denied shall be considered admitted.

11 When the answering respondent intends in good faith to deny only a part or a qualification
12 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
13 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

14 The officer presiding over the hearing may grant relief from the requirement to file an
15 Answer for good cause shown.

16 Dated this 3 day of August, 2009.

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19 _____
20 Matthew J. Neubert
21 Director of Securities
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(AV)